

FOR RELEASE: August 6, 1998

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CALIFORNIA SUPREME COURT RULES IN FAVOR OF THE CITY OF SAN DIEGO ON CONVENTION CENTER FINANCING

In a 7-0 vote, the Supreme Court ruled against Richard Rider, Pat Wright and Chris Winkler, and affirmed the legality of both the lease-revenue method of financing proposed for the San Diego Convention Center expansion, and the use of a joint powers authority to issue bonds for the project.

The Supreme Court became the ninth court in four years to rule against either Richard Rider or Bruce Henderson in the six separate lawsuits against the City of San Diego.

"It's a clean sweep," said San Diego City Attorney Casey Gwinn. "They have lost on every argument, in every court, for four years. It is time for them to let San Diego move forward, said Gwinn. "Over and over, Bruce Henderson and Richard Rider have tried to use the legal system for their political purposes," said Gwinn. "The message is now clear: Stop costing taxpayers legal fees and stop costing the San Diego economy millions in lost convention center business because of your delays," said the City Attorney.

The Convention Center Expansion financing was approved by the City Council, the San Diego Unified Port District and the Convention Center Expansion Financing Authority in March of 1996. However, Rider, Wright and Winkler challenged the proposed financing, asserting that it violated the California Constitution. Both the Superior Court and Court of Appeal ruled in favor of the City on all issues, but the use of the lease revenue financing method was stalled in April of 1997 when the Supreme Court agreed to review the case.

To provide an alternative to finance the expansion, the City Council in November of 1997 approved the issuance of certificates of participation. However, a referendum petition circulated by Bruce Henderson placed the alternative financing method on the June 2, 1998 ballot, where it was approved by 62% of the voters. The Supreme Court heard oral argument in Rider's challenge to the original financing method just two days later, on June 4. Because rulings from the Supreme Court are issued within 90 days of oral argument, the City was placed in a position where it could await the Court's decision and then use whichever method of financing was most advantageous to the City, without causing undue delay in starting work on the expansion.

Rider and others also challenged the same form of financing in connection with the expansion of Qualcomm Stadium. In that case, the Supreme Court declined to grant review of the lower courts' rulings in the City's favor. "Now, the Supreme Court has sent a clear message to Mr. Rider and his associates that this form of financing is and will remain legal in the State of California. We hope Mr. Rider gets the message," said City Attorney Casey Gwinn. Because of the Supreme Court's ruling, the Authority can now represent that the joint powers authority's lease revenue bonds are absolutely legal, and can go into the market and offer the bonds for sale, with proceeds anticipated as early as September of this year, Gwinn said.

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